

Target price: €15.37

Share price (€) (As of May 23 rd , 2016)	5.89
High/Low (€) (Since IPO)	8.52/5.63
Market Cap. (€M) (As of May 23 rd , 2016)	49.2
Estimated Net Cash (€M)	14.0
Estimated Market Cap. (€M)	128.4
Number of shares (M)	8.36
Target price (€)	15.37
Average volume/day (Since IPO)	18,000
Free float	63.1%

Stock performance YTD

Quantum Genomics	-30.8%
Alys France*	-12.2%
Next Biotech	-10.4%
CAC Healthcare	-8.1%
CAC 40	-6.7%
CAC Small	-5.0%

* Index of French smallcaps (less than €1B market capitalization at time of inclusion) in the healthcare and life sciences sector, listed on Euronext Paris.

See <http://www.aurgalys.com/aurgalys-indices>

Extended US patent protection for Quantum Genomics' drug candidates

Quantum Genomics announced that the United States Patent and Trademark Office (USPTO) granted the Company two patents protecting its technology until 2031 and 2033. Quantum Genomics is specializing in cardiovascular diseases with first-in-class drug candidates, Brain Aminopeptidase A inhibitors. The Company has also made important progress on its development plan. For instance, a Phase IIa trial in heart failure has just been authorized in France. The Company also completed QGC001 Phase IIa trial in hypertension and results are expected in Q3-2016. We slightly increased our target price to €15.37/share to account for the prolonged patent protection of QGC001 in the US, i.e. extended market exclusivity in this major market.

QGC001's patent protection extended to 2033 in the US

The USPTO granted two patents to Quantum Genomics for its lead compound QGC001, a first-in-class drug for cardiovascular diseases, providing marketing exclusivity until 2031 and 2033. Both patent expiration dates could also be extended for up to five years. The United States represent a key territory in terms of sales potential, with more than 40% of our peak sales estimate of €1.5 billion for resistant hypertension.

The first patent is protecting the crystalline trihydrate form of QGC001 and is valid until November 2031. Similar patent applications have already been granted in China and Japan, and the European application is currently pending. The trihydrate form of QGC001 is currently being evaluated in Phase IIa for the treatment of hypertension and will soon start another phase IIa in heart failure (see below).

The second patent protects the L-Lysine crystalline form of QGC001 (QGC001L) for the treatment of hypertension and heart failure. The patent is valid through October 2033. QGC001L has a better water solubility profile, as well as better physical and chemical properties than the current form of QGC001. Therefore QGC001L is an interesting candidate for future clinical development, although it will be required for Quantum Genomics to conduct bioequivalence studies in animal models and human volunteers. Switching to the new formulation

for late stage clinical trials has the advantage of extending market exclusivity for this drug candidate.

Heart Failure Phase IIa study approved in France

Last April, Quantum Genomics received the authorization from the ANSM (the French national drug and health products safety agency) to conduct a Phase IIa trial in heart failure in France. The Company will begin this multicentric trial in France's leading medical centers in H2-2016. The phase IIa trial will then be extended to other European countries. The aim of this trial is to investigate whether QGC101 can improve the condition of heart failure patients. This cardiovascular disease affects 23 million people worldwide representing a heavy economic burden, with associated costs expected to reach \$51B by 2030 (Heidenreich et al, 2013). With the innovative mode of action of its drug candidate QGC101 (same molecule as QGC001), the Company intends to provide a novel therapy for these patients.

Phase IIa study in hypertensive patients completed

Last January, Quantum Genomics announced that 100% of the patients of the Phase IIa trial in hypertension had been recruited. The Company indicated that data collection for the trial was completed last April, confirming a trial read-out in Q3-2016. The Phase IIa trial was a double-blind, crossover, placebo-controlled trial, aiming at demonstrating the anti-hypertension properties of QGC001, in moderate hypertensive patients. If these results are successful, they would be the first proof of concept for this new class of drug. The Company would then initiate a confirmatory Phase IIb study. Although numerous drugs are currently available to treat hypertension, 10% to 15% of patients suffering from this condition fail to control their blood pressure with existing treatments. Therefore, Quantum Genomics' QGC001 could represent an interesting therapeutic alternative for resistant hypertension. According to Sandler Research (2016), the global hypertension market in 2020 is estimated at \$27 billion.

Valuation of Quantum Genomics

We slightly increased our target price of Quantum Genomics to €15.37 per share (instead of €14.61 per share, in our previous report) to account for the extended patent protection in the US to 2031 (instead of 2028 in our previous model). The major news event for 2016 is the Phase IIa results in the hypertension indication, expected in Q3-2016. Positive results would significantly increase the value of Quantum Genomics. Furthermore, patent protection to 2033 with the L-lysine form will be included after the Company demonstrates QGC001L bioequivalence with the current form.

Upcoming news flow

- Q3-2016: QGCO01 Phase IIa results in hypertension
- H2-2016: beginning of QGC101 Phase IIa trial in heart failure

Quantum Genomics' stock performance

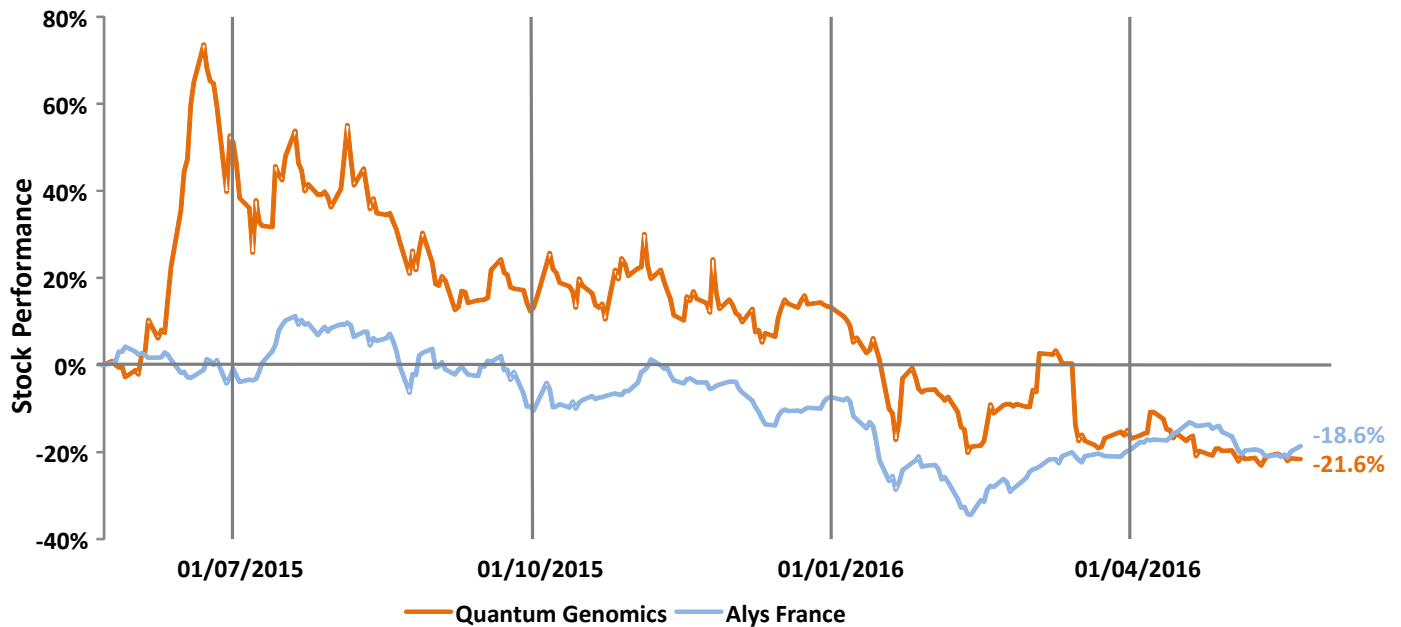


Figure 1. Quantum Genomics' one-year stock performance as of May 23rd, 2016, compared to other French smallcaps of the healthcare and life sciences sector (Alys France Index)

Quantum Genomics was not spared by the market sell-off affecting biotech stocks at the beginning of this year. The Company's shares have lost 30,8% on the market since January 1st, 2016, trading at €5.89 as of May 23rd, 2016. As a comparison, the Alys France index lost 12.2% over the same period. This is explained by the follow-on offering announced on March 15th, 2016 (-14% compared to the previous trading day). Since then, Quantum Genomics' stock has not benefited from positive news, such as the Phase IIa authorization in heart failure, and the US patents granted to the Company.

EARNING PER SHARE (€)						
	2013	2014	2015	2016e	2017e	2018e
EPS	-0,38	-0,46	-0,54	-0,57	-0,84	0,26
EPS (Diluted)			-0,50	-0,49	-0,73	0,22
INCOME STATEMENT (€M)						
	2013	2014	2015	2016e	2017e	2018e
Revenue	0,0	0,3	0,2	0,0	0,0	8,7
EBIT	-1,9	-2,4	-4,3	-5,6	-8,5	1,0
Net Income	-1,5	-2,2	-3,8	-4,8	-7,1	2,2
CASH FLOW STATEMENT (€M)						
	2013	2014	2015	2016e	2017e	2018e
Net Income	-1,5	-2,2	-3,8	-4,8	-7,1	2,2
Cash flow from operating activities	0,0	-2,2	-3,1	-4,5	-5,8	1,8
Cash flow from investment activities	0,0	0,0	-0,4	-0,1	-0,1	-0,1
Cash Flow from financing activities	0,0	0,0	8,8	8,1	0,0	-0,2
Change in cash	0,0	-2,2	5,3	3,5	-5,9	1,4
BALANCE SHEET (€M)						
ASSETS						
Non current assets	0,5	0,6	0,5	0,6	0,7	0,7
Current assets	1,1	4,1	10,0	13,2	7,4	8,8
<i>Including cash and cash equivalent</i>	0,3	3,3	8,7	12,1	6,2	7,6
Total Assets	1,7	4,8	10,5	13,8	8,0	9,6
LIABILITIES & SHAREHOLDERS EQUITY						
Total Equity	-1,6	-0,1	8,0	11,3	4,3	6,4
Total Liabilities	3,3	4,9	2,5	2,5	3,8	3,1
Total Liabilities and shareholders equity	1,7	4,8	10,5	13,8	8,0	9,6

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